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INCOMING
 TELEGRAM

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 ACTION EA-12

HONG K 00570 131043Z

2253

INFO OCT-01 EUR-12 ADS-00 AIT-02 CIAE-00 DODE-00 PM-07
 H-02 INR-10 NSAE-00 NSC-05 PA-02 SPRS-02 SP-02
 SS-15 ICA-15 OMB-01 TRSE-00 /088 W

-----120786 131057Z /14

P R 130847Z JAN 81
 FM AMCONSUL HONG KONG
 TO SECSTATE WASHDC PRIORITY 3297
 INFO AMEMBASSY BANGKOK
 AMEMBASSY BEIJING
 CINCPAC
 AMCONSUL GUANGZHOU
 AMEMBASSY MOSCOW
 FBIS OKINAWA
 AMEMBASSY SEOUL
 AMCONSUL SHANGHAI
 AMEMBASSY SINGAPORE
 AIT TAIPEI
 AMEMBASSY TOKYO

UNCLAS HONG KONG 0570
 CINCPAC FOR POLAD
 E.O. 12065: N/A
 TAGS: PINT, CH

SUBJECT: MORE HONG KONG PRESS WARNINGS ON TAIWAN
 REF: A) HONG KONG 550, B) TAIPEI 182

1. HONG KONG'S XINWAN BAO IN REPORTING THE RECALL OF CHINA'S
 AMBASSADOR TO HOLLAND FOR CONSULTATIONS BANNER-HEADLINED US
 BEHIND-THE-SCENES SUPPORT FOR THE DUTCH SUBMARINE SALE TO
 TAIWAN. FOR THE SECOND DAY STRAIGHT (REF A) XINWAN'S LEAD
 STORY AND COMMENTARY WARNED THAT THE PRC'S REACTION TO THE
 SALE WOULD BE GRADUATED AND ARGUED THAT THE US WAS THE REAL
 AUTHORITY BEHIND THE SALE: "ALTHOUGH THE SALE AMOUNTED TO
 ONLY ABOUT US\$500 MILLION, STILL IT IS AN ARMS SALE, AND
 HOW COULD HOLLAND, A WESTERN EUROPEAN NATION, UNDERTAKE
 SUCH A BOLD INITIATIVE WITHOUT U.S. BACKING?"

2. ALSO THE ARTICLE SO NOTED THAT THE PRC REACTIONS SO FAR
 HAVE INCLUDED RECALLING A TRADE DELEGATION TO HOLLAND,
 RECALLING THE PRC AMBASSADOR TO HOLLAND, AND CANCELLING
 PRC PARTICIPATION IN A WATER POLO EVENT SLATED FOR
 HOLLAND. OBSERVERS ARE WATCHING FOR FURTHER DIPLOMATIC
 MOVES BY THE PRC, XINWAN CONCLUDED.
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INCOMING
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ACTION EA-12

1649

HONG K 00550 130741Z

INFO OCT-01 EUR-12 ADS-00 AIT-02 CIAE-00 DODE-00 PM-07
H-01 INR-10 NSAE-00 NSC-05 PA-01 SPRS-02 SP-02
SS-15 ICA-11 SRTT-03 /084 W

-----119628 130802Z /21

P R 130638Z JAN 81
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC PRIORITY 3293
INFO AMEMBASSY BANGKOK
AMEMBASSY BEIJING
CINCPAC
AMCONSUL GUANGZHOU
AMEMBASSY MOSCOW
FBIS OKINAWA
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AMEMBASSY TOKYO

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CINCPAC FOR POLAD

E.O. 12065: N/A
TAGS: PINT CH
SUBJ: LEFTWING NEWSPAPER WARNING ON TAIWAN DEVELOPMENTS

REF: TAIPEI 182

1. HONG KONG'S PRC-CONTROLLED NEW EVENING NEWS (XINWANBAO) IN ITS LEAD STORY AND COMMENTARY ON JANUARY 10 WARNED THAT THE REAGAN ADMINISTRATION, BY INVITING THE SECRETARY GENERAL OF THE KUOMINTANG, Y. S. CHIANG, TO ATTEND THE INAUGURAL CEREMONY, WAS RISKING A REVERSAL IN SINO-US RELATIONS. XINWAN BAO WARNED THAT THE REAGAN ADMINISTRATION WOULD BE DELUDING ITSELF TO BELIEVE "AS LONG AS REAGAN TAKES A TOUGH ANTI-SOVIET STAND, CHINA WILL SWALLOW ALL INSULTS." DENG HAD ALREADY SENT SUCH A SIGNAL WHEN HE MET WITH PAKISTAN'S FOREIGN MINISTER, XINWAN OBSERVED.

2. A REPORTER FROM XINWAN TELEPHONED THE CONSULATE TWO DAYS LATER TO CALL PARTICULAR ATTENTION TO THE ARTICLE AND COMMENTARY.

3. THE XINWAN COMMENTARY NOTES THAT REAGAN'S INVITATION TO CHIANG YEN-SHIH, IF CONDUCTED AS AN OFFICIAL INVITATION AND VISIT, WOULD BE TANTAMOUNT TO CREATING A "TWO-CHINA SCENE" AND WOULD CONSTITUTE "BRAZEN INTERFERENCE IN THE INTERNAL AFFAIRS OF CHINA." JAPAN, THE COMMENTARY NOTED, HAD HANDLED A VISIT BY CHIANG TO ATTEND OHIRA'S FUNERAL AS AN ENTIRELY PRIVATE MATTER. (HUA GUOFENG WAS PRESENT AS AN OFFICIAL VISITOR.) CHIANG MET NO JAPANESE OFFICIALS AND SO THE TWO-CHINA QUESTION WAS AVOIDED, THE COMMENTARY NOTED. ON JANUARY 11 HONG KONG'S DAGONG BAO COMMENTED ON THE INVITATION TO THE INAUGURAL IN A SIMILAR VEIN BUT WITHOUT THE BANNER HEADLINES XINWAN BAO ACCORDED THE STORY.

4. XINWAN'S COMMENTARY ALSO NOTED THE NETHERLANDS' SALE OF SUBMARINES TO TAIWAN, LIKEWISE LABELLED "INTERFERENCE IN CHINESE INTERNAL AFFAIRS", AND ALLEGED BEHIND-THE-SCENES US SUPPORT FOR THE SALE. CHINA'S REACTION TO THAT SALE IS JUST BEGINNING AND IS A WARNING TO THE US XIN WAN SAID.

5. IN THAT CONNECTION, A DUTCH CONOFF HAS TOLD US CONOFF THAT PRC'S CHINA RESOURCES, LIMITED HAS CATEGORICALLY DECLINED AN INVITATION TO ATTEND "HOLLAND

EXPO," A DUTCH PROMOTIONAL EFFORT NOW TOURING THE FAR EAST.

6. COMMENT: THE PRC REACTION IN HONG KONG SO FAR TO THESE DEVELOPMENTS HAS BEEN LOW KEY. INTERESTINGLY, THE XIN WAN BAO IN ADDITION TO SUGGESTING THE "JAPANESE FORMULA" FOR THE INAUGURAL ATTENDANCE, SINGLED OUT FOR COMMENT ONLY THE KMT OFFICIAL, AND NOT THE PROVINCIAL OFFICIALS REPORTEDLY ALSO INVITED.

7. FBIS HK 120408 AND HK 12158 CARRY THE TEXTS OF THE ARTICLES.
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